

Majority Message

U.S. SENATE REPUBLICAN CONFERENCE

Senator Rick Santorum, Chairman

Senator Kay Bailey Hutchison, Vice Chairman

Health Care, War on Terrorism, and Jobs



Tuesday, September 14, 2004

Health Care: Building on a Record of Creative Solutions

Senate Republican Accomplishments in the 108th Congress

Senate Republicans are building on a record of success to ensure that health care is more accessible, affordable, efficient and consumer friendly.*

Assuring Access to Safe, Affordable and High Quality Health Care

- **Providing Tax-Free Health Savings Accounts** – Americans can now save money without tax penalty for routine health expenses. These portable accounts purchased in conjunction with high-deductible health insurance allow tax-deductible investments of up to \$2,600 for individual coverage and \$5,150 for family coverage.
- **Providing Drug Coverage to Protect Seniors' Life Savings** – Medicare will offer a generous benefit starting in 2006 for those with high out-of-pocket drug costs. Those with above-average spending of \$7,000 would save about \$3,300.
- **Preventing Genetic Discrimination** – Patients and their families would be protected from discrimination on the basis of their genetic information under legislation passed by the Senate. Employers and health insurers would be barred from using this information to make hiring or coverage decisions.
Status: Senate-passed
- **Encouraging Competitive Pricing in Medicare** – Market-based reforms on the sale of Medicare-covered durable medical equipment and certain physician-administered prescription drugs save taxpayer money and reduce fraud and abuse.
- **Reducing Drug Costs by Increasing Access to Generic Drugs** – Patients will benefit from more rapid and more predictable access to safe, effective, lower-cost generic drugs due to reducing the legal barriers that delay the movement of generic drugs to marketplace.
- **Preserving Rural Access** – Improving Medicare provider payments in rural areas enhances patient access to quality health care services.

*Except where noted, all accomplishments have been signed into law.

Caring for Those in Need

- **Increasing Funding for “Safety Net” Hospitals** – An additional \$3 billion is available over the next 10 years for the Medicaid program to support hospitals serving low-income and Medicaid patients.
- **Helping Low-Income Seniors Afford Prescription Drugs** – Low-income seniors are protected from high prescription drug costs with a Medicare-approved discount card that comes with a \$600 credit and with comprehensive prescription drug coverage with low (or no) co-payments and deductibles in 2006.
- **Protecting Children’s Access to Health Care** – Over \$2 billion to cover health care spending for children in low-income families was protected by State Children’s Health Insurance Program redistribution legislation.
- **Increasing Funding to Community Health Centers** – At a time of budget shortfalls and fiscal restraint, funding for community health centers that provide low- or no-cost care to low-income people and the uninsured increased by \$113 million, benefiting 2.4 million uninsured.
- **Encouraging Medical Volunteerism** – \$4.9 million was dedicated in 2004 to ensure that free health care clinics can continue to provide care in spite of extraordinary medical malpractice costs.

Supporting Health Care Innovation and Technology

- **Reducing Medication Errors through Electronic Prescribing** – Seniors will soon benefit from greater convenience and safety in filling their prescriptions by having health care professionals transmit their prescriptions electronically to pharmacies.
- **Helping Consumers Identify Quality Hospitals** – Hospitals are given a financial incentive to report quality of care information so that consumers can make more informed decisions about where to go for the best patient care.
- **Paying for Better Performance** – Physicians participating in a Medicare demonstration in four sites across the country will receive bonus payments provided that they meet or exceed performance standards.
- **Reducing Medical Errors** – Improved patient safety and reduced medical errors through a reporting system that promotes the development of interventions and solutions to prevent future errors.
Status: Committee-passed
- **Adding New Medicare Choices** – Medicare beneficiaries can choose the health care plan that best fits their needs when Medicare begins offering preferred provider organization (PPO) plans in 2006.

*Except where noted, all accomplishments have been signed into law.

Source: Senate Republican Task Force on Health Care Costs and the Uninsured, Sen. Judd Gregg, Chairman

Health Care Cost: Lower Costs for All Americans

Problem: Health care costs are increasing faster than any other basic service in our society. Runaway cost is the primary barrier for many Americans without health insurance and is heightening the risk that those who have insurance might lose it. The average American household spends about \$3,510 on premiums and medical bills, which does not factor in lost wages and taxes for public health programs.

Solution: Too many health care dollars are wasted because of excessive litigation, lack of consumer input, unnecessary and repetitive tests, low-quality care and bureaucratic paperwork. These costs are then passed on to consumers. By reforming medical liability laws, promoting the efficient use of technology and eliminating bureaucratic red tape, we can drive down the cost of health care.

- Inform and empower consumers.
- Improve patient safety and quality.
- Use innovative technology efficiently.
- Reform the medical liability system.
- Reduce premiums by strengthening recovery rights of health plans.
- Reduce bureaucratic red tape and burdensome regulations.
- Curtail waste, fraud and abuse in federally funded programs.

Impact: Estimated savings to the health care system of \$137 billion annually, which translates to \$500 per man, woman and child in America.

Health Care Coverage: Insurance for Millions More

Problem: 43 million Americans are uninsured at some point in any given year. Of those, 21 million are without insurance for a year or more. The number of uninsured Americans is a chronic symptom of systemic problems and impacts not only those without insurance, who generally suffer from poorer health, but also drives up costs for everyone.

Solutions: Cover more Americans by targeting reforms to specific needs; developing new insurance options; marrying new subsidies with systemic improvements that allow for greater choice and competition; and optimizing existing public programs.

- Provide new financial assistance and tax credits to make insurance more affordable.
- Market Reform Alternatives: Insurance Market Reform or Association Health Plans.
- Remove barriers to allow for new multi-state pooling options.
- Support and extend last-resort insurance plans.
- Make sure Health Savings Accounts (HSAs) are user friendly and widely available.
- Create incentives for young adults to purchase lifetime, portable insurance.
- Improve enrollment in existing public programs.
- Expand coverage options for low-income entrepreneurs and self-employed individuals.

Impact: 17-25 million more Americans will have insurance.

Health Care: A Helping Hand Where Needed

Problem: Insuring more Americans is an important goal, but making sure those without insurance still have a safety net of care must also be a fundamental measure of success. Currently, safety net care is in short supply and sometimes is not able to provide a full range of services.

Solution: Provide high-quality care to anyone who lacks insurance coverage and cannot afford to pay for health care by strengthening our existing safety net system and providing the staffing, legal protection, and resources necessary.

- Increase the number of Community Health Centers (CHCs) by providing new funding for systems that serve the uninsured.
- Increase access to specialty care within safety net systems.
- Make prescription drugs more affordable and available within safety net systems.
- Encourage more doctor and provider participation in the safety net system.
- Reduce regulatory burdens and enhance the provision of care.

Impact: 5 million more Americans will have access to safety net care. Quality will be better for all patients.

President Bush's Plan to Make Health Care More Affordable

President Bush believes all Americans should have access to affordable, high-quality health care. Rising health care costs impose a burden on families and small businesses and put coverage out of the reach of many Americans. The President's plan will help reduce the rising cost of health care; provide new and affordable health coverage options for all Americans; and provide not just a government program, but a path to greater opportunity, more freedom, and more control over your own health care and your own future.

The President's Plan

- Reduces the rising cost of health care while improving quality and safety;
- Provides new and more affordable coverage options – targeted to those who need it most: low-income children and families; employees of small businesses; and the self-employed;
- Keeps health decisions with patients and doctors – not bureaucrats in Washington, D.C.; and
- Results in **more than 11 million and as many as 17.5 million** newly insured Americans.

New Proposals in the President's Plan

- **Cover the Kids campaign.** The President will launch an aggressive, billion-dollar effort to enroll children who are eligible but not signed up for the government's health insurance programs. The goal will be to cover millions more SCHIP and Medicaid-eligible children within the next two years.
- **Tax credits to small businesses and their employees to set up Health Savings Accounts (HSAs).** More than half of the uninsured are small business employees and their families. President Bush proposes giving small business owners a refundable tax credit for contributions they make to their employees' HSAs (applies to the first \$500 per worker with family coverage, first \$200 per worker with individual coverage).
- **Direct help for low-income Americans to purchase HSAs.** To extend the benefits of HSAs to low-income Americans, the President proposes giving families a \$1,000 direct contribution to their HSA, along with a \$2,000 refundable tax credit to help purchase a policy to cover major medical expenses. Individuals would receive a \$300 HSA contribution and \$700 refundable tax credit.
- **State-run insurance pools to help low-income Americans get the most out of their credits.** The President proposes \$4 billion in grants to encourage states to create purchasing pools that will help reduce the cost of buying insurance and make it easier and faster to shop for coverage.
- **Association Health Plans (AHPs) for civic groups and other community organizations.** In addition to supporting AHPs for small businesses, the President proposes allowing local groups to band together through their regional or national organizations to negotiate low-priced coverage for their members.
- **National marketplace to shop for health insurance.** Individual consumers can only purchase health insurance in the state where they live and cannot shop around for a better deal in another state. President Bush believes giving people the freedom to shop in a competitive marketplace across state lines can increase the availability of health care coverage and drive down costs.
- **A health center or clinic in every poor county in America.** The President's current initiative has increased the number of people served in health centers by almost 30 percent. The goal of the new initiative is to ensure that every poor county in America has a community or rural health center.

Background: A Record of Action on Health Care

The President has already taken important steps to make health care more affordable and accessible :

- Created a **Medicare Prescription Drug Benefit** to help seniors pay for their medicines. More than 4 million seniors are already saving with Medicare drug discount cards, including low-income seniors who get a credit of \$600 annually added to their cards;
- Established new, **Tax-Free Health Savings Accounts**, which give workers the opportunity to save tax free for routine health expenses, the security of insurance against major illness, and the freedom of knowing you control the account and can take your account with you whenever you change jobs;
- Proposed **Medical Liability Reform** to limit frivolous lawsuits and excessive jury awards, which are driving good doctors out of practice, driving up health care costs for everyone, and threatening access to needed care;
- Supported **Association Health Plans (AHPs)** to help small businesses provide coverage for their employees by joining together to purchase insurance at the same discounts available to big companies;
- Opened or expanded more than **600 Community Health Center sites** delivering care to 3 million additional Americans, including individuals and children who are uninsured, low-income, or homeless, and migrant farm workers. The President is on track to meet his commitment to open or expand 1,200 health center sites by 2006 to serve an additional 6.1 million Americans;
- Extended eligibility under **Medicaid and State Children's Health Insurance Plan (SCHIP)** to an estimated 2.6 million low-income Americans by granting waivers and flexibility to states;
- Launched a **Health IT Initiative** to reduce errors, cut waste, and lower costs. The President's goal is to make electronic medical records universally available for most Americans in the next ten years;
- **Strengthened competition between generic and brand-name drugs**, which is expected to save American consumers more than \$35 billion in drug costs over the next 10 years; and
- **Fought health care fraud and waste** by cutting wasteful spending out of the Medicare and Medicaid programs. The Medicare bill that the President signed will cut wasteful spending and save seniors and taxpayers an estimated \$20 billion over the next decade.

The President's New Health Care Proposals

- ***Affordable Health Care for Children:***

The year before President Bush took office, some 3.3 million low-income children were enrolled in SCHIP. By 2003, that number had risen to 5.8 million, a 75 percent increase. Over that same period, by working cooperatively with state governors, the Department of Health and Human Services increased the number of low-income adults and children on Medicaid to 6.8 million.

Despite these efforts, millions of children who are eligible for SCHIP or Medicaid coverage are not yet enrolled. Billions in Federal dollars available to the states to insure these children remain unspent because the children haven't been signed up.

- **Cover the Kids campaign.** To ensure coverage for uninsured low-income children, the President will launch an aggressive, billion-dollar effort to enroll eligible kids for quality health care coverage. The Cover the Kids campaign will combine the resources of the Federal government, states, and community organizations, including faith-based organizations, with the goal of covering millions more SCHIP and Medicaid-eligible children within the next two years.

- ***Affordable Health Care for Low-Income Families and Individuals:***

President Bush signed legislation creating Health Savings Accounts (HSAs), which are a new, affordable option in health care coverage. HSAs are tax-free savings accounts that people can set up when they purchase a low-premium, high-deductible policy to cover major medical expenses. Money from the HSA can be used to pay for routine medical expenses or saved for future health needs, while the major medical policy helps cover big expenses, like hospital stays.

The President has proposed allowing individuals who set up HSAs to deduct from their income taxes the premiums they pay for their major medical policies, thus reducing the net cost of those policies.

Individuals who set up HSAs can save substantial sums on their health insurance and their taxes.

Moreover, HSAs give Americans more control over their health care spending. If you own an HSA, you can go to the doctor of your choice and keep the account even if you change jobs.

To extend the benefits of HSAs to low-income families and individuals, the President proposes giving low-income families a \$1,000 contribution made directly to their HSA, along with a \$2,000 refundable tax credit to help purchase a policy to cover major medical expenses.

- **A family of four making \$25,000 or less will be able to get \$1,000 from the Federal government to put into their HSA.** These families can use the money to pay for doctor visits, medicines, and other routine medical expenses. What the family does not spend in a year can be saved in the account and carried over into the next year, earning interest tax-free. Each year that the family remains eligible, the government will deposit another \$1,000 into their HSA. The family – not the government and not the employer – owns the HSA and keeps it whether a family member changes jobs or increases his or her earnings. Low-income individuals could receive a \$300 contribution to their HSAs.
- **In addition to the \$1,000 contribution to their HSA, the same low-income family of four will be able to get a \$2,000 refundable tax credit to help them buy an insurance policy that covers them for major medical expenses.** The \$2,000 will cover a significant amount of the premiums on the insurance policy. Average premiums for family major medical coverage cost a little over \$3,300 a year, according to the Kaiser Family Foundation based on data collected by eHealthInsurance. Low-income individuals could receive a refundable tax credit of about \$700.
- **Families who elect not to set up an HSA may use the refundable \$3,000 tax credit to buy standard medical coverage instead.** Individuals will be able to claim a \$1,000 refundable tax credit.
- **Low-income families will not have to wait until tax time to get their tax credits.** The low-income health care credits will be advanceable and available immediately to qualifying families.
- **The President has also proposed \$4 billion in grants to encourage states to create state-run insurance pools to make sure low-income Americans get the most out of the credit.** These purchasing pools – or HealthPools – will provide people an easier, faster way to shop for coverage. States could make it easier to sign up for coverage through toll-free numbers and websites, and by making applications available at state government offices, motor vehicle administrations, and private workplaces. HealthPools will use the purchasing power of thousands of individual families to help reduce the cost of health insurance premiums for all eligible families.

- ***Affordable Health Care for Small Business Employees and the Self-Employed:***

More than half of the uninsured are small business employees and their families. Small businesses face obstacles in providing health benefits including high costs, complicated regulations, and a lack of bargaining power with insurance companies. The President's plan helps them in several ways. President Bush has supported Association Health Plans (AHPs), which allow small businesses to band together to negotiate lower-priced health insurance for their employees. He also is proposing a tax credit to encourage small businesses and their employees to set up HSAs. President Bush proposes to:

- **Provide a tax credit for contributions to the HSAs of small business employees.** To help individuals and families who work for small businesses fund their HSAs, President Bush proposes giving small business owners a tax credit on HSA contributions for the first \$500 per worker with family coverage and the first \$200 per worker with individual coverage.

- ***Affordable Health Care for all Americans:***

High health care costs are the underlying reason why many Americans are uninsured. President Bush has proposed Medical Liability Reform and new investments in Health Information Technology to help lower costs. In addition, he is proposing the following new initiatives:

- **Extend Association Health Plans to civic groups and other community organizations.** Community, civic, and religious groups may want to offer health plans to their members. President Bush proposes to allow local groups to band together through their regional or national organizations to negotiate low-priced coverage for their members.
- **Allow individuals to buy the best coverage they can find anywhere in the country.** Today, it is easy to use the Internet or 800 numbers to shop anywhere for anything. But different rules apply to health insurance. Individual consumers can only purchase health insurance in the state in which they live and can't shop around for a better deal in another state. The President believes that creating a competitive marketplace across state lines can increase the availability of health care coverage and help drive down the costs for everyone. He proposes to give people this freedom to shop for the best buy on the health coverage that best meets their individual needs. This proposal will help individuals save on health insurance, and includes provisions to prevent fraud and abuse.
- **Establish a health center or clinic in every poor county in America.** The President believes that access to primary and preventive health care services is critical, especially in poor communities that are medically underserved. For example, many rural communities with higher levels of poverty have little access to basic health care services. The President's current initiative has successfully increased the number of people served in health centers by almost 30 percent. However, there are still poor counties throughout the country that have no community health center at all. The goal of the President's new initiative is to ensure that every poor county in America has a community or rural health center.

Strengthening and Improving Medicare

Senate Republicans are providing a prescription drug benefit and are strengthening the quality of Medicare—the better benefits outweigh increased premiums.

- The increase in Medicare Part B premiums is partly due to the improved benefits and services available to seniors under the new Medicare law, including everything from cholesterol and diabetes screenings to a “Welcome to Medicare” physical.
- The new Medicare law also helps lower seniors’ Medicare Advantage co-payments, enabling them to reduce their out-of-pocket costs.
- While the implementation of these new services and benefits requires a slight increase in premiums, seniors and taxpayers will save in the long run as Medicare moves from a *reactive* disease treatment program to a *proactive* disease prevention plan.

Senate Republicans are warding off cuts to Medicare doctors.

- The recently passed Medicare law also prevented Medicare doctors’ payments from being cut significantly.
- Therefore, one of the contributing factors to the premium increase is a much-needed increase in doctor payments.
- In 2005, payment rates for physicians will increase by 1.5%, preventing a 4.5% reduction that could have threatened access to high-quality physician services.

Senate Republicans are safeguarding Medicare for future generations.

- Another contributing factor to the higher premiums is the strengthening of the assets in the Medicare Part B Trust Fund, used to safeguard the program for future generations.
- Medicare law requires that the reserves of the Medicare Part B Trust Fund be increased to a more adequate level.
- As a result, adjustments in contributions have been made in order to maintain balance and strengthen the financial health of the trusted program.

Senate Republicans are strengthening Medicare and adding new benefits.

- The increased premium reflects positive adjustments to Medicare:
 - New, additional health services and benefits offered seniors as a result of the Medicare prescription drug law passed last year;
 - Much-needed increased payments to Medicare doctors; and
 - A strengthening of assets to the dwindling Medicare Part B trust fund.

Rep. Porter Goss Nominated as CIA Director

President Bush recently announced the nomination of Congressman Porter Goss to be the next Director of Central Intelligence. Noting that America faces determined enemies and that we must have the best intelligence possible, the President gave Porter Goss an essential mission to lead the Agency for the challenges and threats of a dangerous century.

Porter Goss is well prepared for that mission. He has served in the U.S. military, the intelligence community, and the Congress, where he is well respected on both sides of the aisle and understands the important role Congress must play in improving our intelligence capabilities. He also understands the vital importance of human intelligence and of investing in technologies that allow us to look and listen better.

Serving his fourth term as Chairman of the House Permanent Select Committee on Intelligence, Congressman Goss has been leading the effort to revitalize the Nation's intelligence community by strengthening our human intelligence and deepening analytical capabilities.

- Chairman of the House Permanent Select Committee on Intelligence since 1997. Key committee in the House with legislative, budget authorization, and oversight jurisdiction over the entire U.S. intelligence community.
- Co-Chairman with Senator Bob Graham (D-FL) of the Joint Inquiry into Intelligence Community Activities Before and After the Terrorist Attacks of September 11, 2001. First-ever bi-cameral review of intelligence and activities of US leading up to 9/11.
- Member of the Commission on the Roles and Capabilities of the United States Intelligence Community ("Aspin-Brown Commission"). Blue-ribbon panel established in the mid-90s to review the structure, authority, and processes of the intelligence community.
- Co-Chairman with Senator Bob Kerrey (D-NE) of the National Commission for the Review of the National Reconnaissance Office (NRO). Commission to study capabilities, mission and future of the NRO.
- Member of the U.S. House Select Committee on Homeland Security.
- Former United States Army intelligence officer. A decade of experience as a Clandestine Services Officer with the CIA.
- Participant in the review of NATO's response to global security issues.
- Elected to Congress from Florida's 14th District in 1988, where he has represented Southwest Florida and focused on veterans, national security, health care, and the environment.
- Mayor, city councilman, county commissioner, small businessman.
- Graduated with Honors from Yale University in 1960.

Over 15 years of service in Congress, Porter Goss has built a reputation as a reformer in Congress – and now, with the agreement of the U.S. Senate, he will be a reformer at the Central Intelligence Agency helping to implement needed intelligence restructuring, including implementing the recommendations of the 9/11 Commission.

Leading the Way on Reforming and Strengthening Our Intelligence Services

Recent Presidential Action

- **In a meeting with a bipartisan group of senior Congressional leaders and committee chairs, President Bush conveyed a detailed proposal for legislative action to create a National Intelligence Director (NID) with the authority needed to get the job done.** The President intends to give the NID full budget authority over the National Foreign Intelligence Program appropriation and the management tools necessary to successfully oversee the Intelligence Community, including ensuring the full integration of foreign and domestic intelligence.
- **The President seeks intelligence reform legislation that is consistent with the recommendations of the 9/11 Commission.** On August 2, the President endorsed many of the 9/11 Commission's recommendations - including the Commission's recommendation of the creation of a National Intelligence Director (NID) and National Counterterrorism Center (NCTC).
 - The Bush Administration was already implementing many of the actions suggested by the Commission well before the report was issued. The Administration is already implementing or otherwise addressing 36 of the Commission's 41 recommendations.
 - Of the remaining five recommendations, two call for changes to Congressional oversight of intelligence and homeland security. The Administration endorses these recommendations. The Administration is studying the remaining three recommendations.
- **The President also announced that the NID should be assisted by a cabinet-level Joint Intelligence Community Council (JICC).** The JICC will help ensure the implementation of a joint, unified national intelligence effort to protect national and homeland security. The JICC will advise the National Intelligence Director on setting requirements, financial management, establishing uniform intelligence policies, and monitoring and evaluating performance of the Intelligence Community.

Background on Today's Presidential Action

- **President Bush seeks legislation designed to:**
 - Improve the integration of foreign and domestic intelligence;
 - Improve indication and timely warning of impending threats to national security;
 - Improve analysis of threats;

- Improve our ability to use intelligence to counter threats to our national security;
- Improve our ability to set goals and prioritize intelligence requirements, both collection/acquisition and analysis; and
- Improve the sharing of information in the fullest and most prompt manner.
- **The President's reform plan is designed to establish an effective National Intelligence Director and reorganize the Intelligence Community.** The President's plan outlines powers and responsibilities for the NID that are consistent with the 9/11 Commission report.

Structure of the National Intelligence Director - The NID will:

- Report to the President, be appointed by the President, be confirmed by the Senate, serve at the pleasure of the President, and testify before Congress;
- Act as the principal advisor to the President, the National Security Council, and the Homeland Security Council for intelligence matters relating to the national security; and
- While part of the Executive Branch, will not be located in the Executive Office of the President or serve as a member of the President's Cabinet.

General Powers of the National Intelligence Director - The NID will:

- Serve as the head of the United States Intelligence Community;
- Develop objectives and guidance for the Intelligence Community to ensure timely and effective collection, processing, analysis, and dissemination, including access by users to collected data and analytic products generated by or within the Intelligence Community, of national intelligence;
- Determine and establish requirements and priorities for, and manage and direct the tasking of, the collection of intelligence by the Intelligence Community;
- Resolve conflicts in collection requirements and the tasking of national collection assets of the Intelligence Community; and
- Determine and establish intelligence analysis and production priorities for the Intelligence Community.

Budget Authority of the National Intelligence Director - The NID will:

- As recommended by the 9/11 Commission, receive the funds for the National Foreign Intelligence Program (NFIP) and allocate, as apportioned by the Office of Management and Budget, those funds to the Intelligence Community;

- With respect to the NFIP budget, approve annual budgets for the Intelligence Community and determine, develop, and present - with the advice of the heads of departments - the intelligence budget request for the approval of the President; and
- Have the authority to transfer or reprogram funds within the NFIP and to review, and approve or disapprove, consistent with the existing authorities of the Director of the Office of Management and Budget, any proposal to transfer or reprogram funds.

Intelligence Community Management Responsibilities of the NID - The NID will:

- Ensure the fullest and most prompt sharing of and access to information practicable, with special emphasis on detecting, preventing, preempting, and disrupting terrorist threats and attacks against the United States, its people, property and interests;
- Establish standards, policies, and programs within the Intelligence Community;
- Supervise the National Counterterrorism Center and oversee all new national centers, including potentially a future National Center to Counter Weapons of Mass Destruction (WMD) Proliferation;
- Ensure that appropriate agencies and departments have access to and receive all-source intelligence support needed to carry out their own missions as well as to perform independent, alternative analysis;
- Establish within the Director's office a National Intelligence Council to produce national intelligence estimates and evaluate Intelligence Community-wide collection and production of intelligence;
- Provide guidance and issue tasking to the Intelligence Community; and
- Assume the functions of the current Director of Central Intelligence (DCI) as head of the Intelligence Community, to include the coordination of the activities of the Central Intelligence Agency (CIA), Department of Defense (DoD) intelligence agencies, the Federal Bureau of Investigation's (FBI) intelligence and counterterrorism activities, and relevant parts of the Department of Homeland Security (DHS).

Personnel Authorities of the National Intelligence Director - The NID will:

- Have a role in the appointment of any individual to a position that heads an organization or element within the Intelligence Community. If the appointment is made by an agency head, the agency head must receive the concurrence of the National Intelligence Director. If the appointment to such position is made by the President, any recommendation to the President to nominate or appoint an individual to that position shall be accompanied by the recommendation of the National Intelligence Director.
- **Under the President's plan, the Intelligence Community structure would:**
 - Be led by the National Intelligence Director, who will have authority over the budget and collection objectives and will coordinate the foreign and domestic activities of the Intelligence Community;

- Keep the national intelligence agencies - National Security Agency (NSA), National Geospatial-Intelligence Agency (NGA), and National Reconnaissance Office (NRO) - under the Department of Defense, thereby avoiding the disruption of the war effort that a more far reaching restructuring could create; and
- Ensure that departmental intelligence support is retained and that direct command authority for operations occurs through the appropriate chain of command for departmental intelligence entities.
- **President Bush has led the way on intelligence reform and has already undertaken a number of major reforms to improve intelligence collection, analysis, and sharing to obtain the best information on the terrorist threat to the Nation - including:**
 - ***Implementing, by Executive Order, many of the 9/11 Commission's recommendations for intelligence reform.*** The President, on August 27, signed executive orders giving the Director of Central Intelligence many of the strengthened management powers over the Intelligence Community that will eventually belong to the NID. He also established a National Counterterrorism Center (NCTC) to serve as a central knowledge bank on known and suspected terrorists and international terror groups, as well as their goals, strategies, capabilities, and networks of contacts. The NCTC will also plan U.S. government-wide counterterrorism activities. The President also ordered that additional actions be taken to continue to improve the sharing of terrorism information among agencies and to improve our information technology architecture.
 - ***Reforming the FBI:*** The President is transforming the FBI into an agency focused on preventing terrorist attacks through intelligence collection and other key efforts, while improving its ability to perform its traditional role as a world-class law enforcement agency.
 - ***Creating the Department of Homeland Security (DHS):*** The President has led the most extensive reorganization of the Federal government in 50 years by creating DHS. DHS brought together 22 entities and over 180,000 employees with critical homeland security missions and provided the Nation with a single Federal department with the primary mission to protect the homeland against terrorist threats. DHS launched the Homeland Security Information Network (HSIN), a real-time collaboration system to report incidents, crimes, and potential terrorist acts to federal, state, and local officials and the DHS Homeland Security Operations Center. The HSIN is now linked to all 50 states and more than 50 major urban areas.
 - ***Establishing the Terrorist Threat Integration Center (TTIC),*** integrating and analyzing terrorism threat-related information collected domestically and abroad, ensuring that intelligence and law enforcement entities are working together. Elements of the CIA, DoD, the Department of Justice, DHS, and the FBI work to close the "seams" in our intelligence analysis. The TTIC will be absorbed by the newly established National Counterterrorism Center.

- ***Creating the Terrorist Screening Center*** to consolidate terrorist watchlists and provide 24/7 operational support for Federal and other government law enforcement personnel across the country and around the world. The Center ensures that government investigators, screeners, and agents are working off the same unified, comprehensive set of anti-terrorist information - and that they have access to information and expertise that will allow them to act quickly when a suspected terrorist is screened or stopped.
- ***Creating U.S. Northern Command*** to provide for integrated homeland defense and coordinated DoD support to Federal, state, and local civilian governments.
- ***Proposing and signing into law the USA PATRIOT Act***, which strengthens law enforcement's abilities to prevent, investigate, and prosecute acts of terror, facilitating Federal government efforts to thwart potential terrorist activity throughout the United States. President Bush continues to call on Congress to take action to ensure that these vital law enforcement tools do not expire.
- ***Creating a White House Homeland Security Council, led by a Homeland Security Advisor who reports directly to the President***, to coordinate homeland security policy across multiple departments and agencies - modeled on the National Security Council.

Economy Shows 12 Straight Months of Job Gains

*Unemployment Rate Falls to 5.4% - Lowest Since October 2001
144,000 New Jobs Added in August; June and July Revised Upward 59,000
Nearly 1.7 Million New Jobs Added Since August 2003*

Recent News

- New jobs figures and other recent indicators show that President Bush's economic policies continue to create jobs and move the economy forward.
- **The economy has posted job gains for each of the last twelve months – creating nearly 1.7 million jobs since August 2003.**
 - **The national unemployment fell to 5.4% in August** – down 0.9 percentage point from a peak of 6.3% in June 2003 and the lowest rate since October 2001. At 5.4%, the unemployment rate is below the average of the 1970s, 1980s, and 1990s.
 - **144,000 new jobs were added in August.** And the increases in June and July were revised upward by a **combined 59,000 new jobs**, bringing the total number of new jobs in today's report to **203,000**.
 - Nearly 1.7 million new jobs have been added since August 2003.
 - **The unemployment rate over the last year was down in all regions and in 49 of the 50 states.** Employment over the last year was up in 46 of the 50 states.
 - **The manufacturing sector, which was the hardest hit by the economic downturn, has added 107,000 jobs** since January.

Background: President Bush's Actions are Moving Our Economy Forward – Now is Not the Time to Turn Back

- **The labor market has improved considerably since shortly after the President's Jobs and Growth bill took effect last May.** Factories are busier, families are earning more, homeownership remains at record levels, and people are returning to the labor market and finding work.

- **America's standard of living is on the rise. Real after-tax incomes are up by nearly 10%** since December 2000 – substantially better than the comparable time period in the previous business cycle. Since the President's 2001 and 2003 tax cuts, personal consumption levels have risen substantially.
- **Consumer confidence continues to be substantially higher than last year.** The Conference Board's index of consumer confidence has increased 20 percent in the past 12 months, from 81.7 last August to 98.2 this August.
- **The national homeownership rate**, in the second quarter of 2004, was at an all time high of 69.2 percent. **Minority homeownership** set a new record of 51% in the second quarter and is up 2.1 percentage points from a year ago.
- **Core inflation** remains low.
- **Mortgage rates** remain near historic lows, making homebuying easier and more affordable.

More to Do: The President will not be satisfied until every American looking for work has found a job. We must continue to push forward on a pro-growth economic agenda that meets the needs of the American people.

- **Making tax relief permanent** – raising taxes now would put the brakes on our growing economy.
- **Providing worker skills** – preparing Americans for the skilled jobs of our changing economy.
- **Controlling health care costs** – giving America's working families greater access to affordable health insurance by providing association health plans and health savings accounts.
- **Reducing regulation** – ensuring that Federal regulations do not handicap America's entrepreneurs by streamlining regulations and reducing paperwork.
- **Reducing frivolous lawsuits** – supporting enactment of medical liability reform, class action lawsuit reforms, and asbestos litigation reforms to expedite resolutions and curb the costs lawsuits impose on American businesses.
- **Adopting the National Energy Policy** – ensuring that America has a reliable and affordable source of energy and reducing our dependence on foreign sources.
- **Opening new markets overseas** – helping to create jobs at home by expanding markets for America's products and services around the world.

President Bush is bringing our economy back. We need to keep moving forward with the policies that are strengthening our economic recovery.

The President has acted decisively to bring us back from recession to recovery. He has:

- Enacted tax relief for families by lowering tax rates for all taxpayers, increasing the child credit, and reducing the marriage penalty.
- Phased out the death tax, helping to preserve family farms and businesses.
- Encouraged business growth by providing incentives for small businesses to invest.
- Made the stock market stronger by cutting taxes on dividends and capital gains.
- Passed the strongest corporate governance reforms since FDR was President.
- Proposed his Jobs for the 21st Century initiative to improve education for high school students and train workers for industries creating the most new jobs.